

**RECREATION DISTRICT NO. 3
OF THE PARISH OF ST. MARY**

Bayou Vista, Louisiana

Year Ended September 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 29 and 30 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of American require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds financial statements and the schedule of ad valorem taxes collected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds financial statements on pages 33 and 34 and the schedule of ad valorem taxes collected on page 35 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Net Position
September 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 994,587
Investments	11,286
Due from other governmental units	31,666
Prepaid expenses	27,354
Capital assets:	
Not being depreciated	268,607
Net of accumulated depreciation	3,392,703
Deferred bond issuance costs, net	10,779
Deposits	<u>375</u>
TOTAL ASSETS	<u>4,737,357</u>
LIABILITIES	
Accounts, salaries, and other payables	75,567
Long term liabilities:	
Due within one year	94,000
Due in more than one year	<u>1,020,000</u>
TOTAL LIABILITIES	<u>1,189,567</u>
NET POSITION	
Invested in capital assets, net of related debt	2,547,310
Restricted for -	
Capital projects	31,080
Debt service	153,317
Unrestricted	<u>816,083</u>
TOTAL NET POSITION	<u>\$ 3,547,790</u>

The accompanying notes are an integral part of the financial statements.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Activities
Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 695,213	\$ 91,151	\$ 112,917	\$ 22,777	\$ (468,368)
Interest on debt	45,083	-	-	-	(45,083)
Total governmental activities	<u>\$ 740,296</u>	<u>\$ 91,151</u>	<u>\$ 112,917</u>	<u>\$ 22,777</u>	<u>(513,451)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and debt service					871,760
Interest and investment earnings					970
Other income					<u>2,676</u>
Total general revenues					<u>875,406</u>
Change in net position					361,955
Net position - October 1, 2012					<u>3,185,835</u>
Net position - September 30, 2013					<u>\$ 3,547,790</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Balance Sheet
Governmental Funds
September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets:				
Cash and interest-bearing deposits	\$814,175	\$153,317	\$ 27,095	\$ 994,587
Investments	1,151	-	10,135	11,286
Prepaid expenditures	27,354	-	-	27,354
Due from other governmental units	31,666	-	-	31,666
Deposits	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
 Total assets	 <u>\$874,721</u>	 <u>\$153,317</u>	 <u>\$ 37,230</u>	 <u>\$ 1,065,268</u>
 LIABILITIES AND FUND				
Liabilities:				
Accounts payable	\$ 55,244	\$ -	\$ 6,150	\$ 61,394
Accrued liabilities	4,634	-	-	4,634
Deferred revenue	<u>7,917</u>	<u>-</u>	<u>-</u>	<u>7,917</u>
Total liabilities	<u>67,795</u>	<u>-</u>	<u>6,150</u>	<u>73,945</u>
 Fund balance:				
Nonspendable	27,354	-	-	27,354
Restricted	-	153,317	31,080	184,397
Committed	346,955	-	-	346,955
Unassigned	<u>432,617</u>	<u>-</u>	<u>-</u>	<u>432,617</u>
Total fund balance	<u>806,926</u>	<u>153,317</u>	<u>31,080</u>	<u>991,323</u>
 Total liabilities and fund balance	 <u>\$874,721</u>	 <u>\$153,317</u>	 <u>\$ 37,230</u>	 <u>\$ 1,065,268</u>

(continued)

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2013

Reconciliation of the governmental funds' balance sheet to the statement of net position:

Total fund balances for governmental funds at September 30, 2013 \$ 991,323

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of

Land	268,607	
Buildings, net of \$769,496 accumulated depreciation	1,309,267	
Recreational facilities and playground equipment, net of \$205,034 accumulated depreciation	1,804,251	
Ball parks, net of \$268,847 accumulated depreciation	204,538	
Equipment, net of \$99,948 accumulated depreciation	72,398	
Furniture, net of \$20,236 accumulated depreciation	<u>2,249</u>	3,661,310

Deferred revenues are not considered current financial resources and are reported as a liability in the funds 7,917

Bond issuance costs are deferred and amortized over the life of the related debt and therefore are not reported as assets in the funds:

Bond issuance costs	11,924	
Accumulated amortization	<u>(1,145)</u>	10,779

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,114,000)
Accrued interest payable	(3,495)

Compensated absences are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds. (6,044)

Net position at September 30, 2013 \$ 3,547,790

The accompanying notes are an integral part of the financial statements.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local sources -				
Intergovernmental	\$ 125,694	\$ -	\$ -	\$ 125,694
Ad valorem taxes	680,246	191,514	-	871,760
Fee and charges for services	91,151	-	-	91,151
Investment earnings	867	17	85	969
Donations	10,000	-	-	10,000
Other income	<u>2,677</u>	<u>-</u>	<u>-</u>	<u>2,677</u>
Total revenues	<u>910,635</u>	<u>191,531</u>	<u>85</u>	<u>1,102,251</u>
Expenditures:				
Current -				
General government	361,073	585	-	361,658
Repairs and maintenance	97,708	-	-	97,708
Pension	26,555	7,490	-	34,045
Professional fees	11,970	-	-	11,970
Utilities	49,638	-	-	49,638
Capital outlay	383,102	-	29,140	412,242
Debt service -				
Interest and fees	-	45,359	-	45,359
Principal	<u>-</u>	<u>93,000</u>	<u>-</u>	<u>93,000</u>
Total expenditures	<u>930,046</u>	<u>146,434</u>	<u>29,140</u>	<u>1,105,620</u>
Net change in fund balance	(19,411)	45,097	(29,055)	(3,369)
Fund balances, beginning	<u>826,337</u>	<u>108,220</u>	<u>60,135</u>	<u>994,692</u>
Fund balances, ending	<u>\$ 806,926</u>	<u>\$153,317</u>	<u>\$ 31,080</u>	<u>\$ 991,323</u>

(continued)

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2013

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities:

Total net changes in fund balance for the year ended September 30, 2013 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ (3,369)

The change in net position reported for governmental activities in the statement of activities is different because:

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payment	93,000	
Change in accrued interest	276	
Bond issuance costs amortized	<u>(1,145)</u>	92,131

Compensated absences are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds:

Prior year compensated absences	28,044	
Current year compensated absences	<u>(6,044)</u>	22,000

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	412,242	
Depreciation expense for the year ended September 30, 2013	<u>(161,049)</u>	251,193

Total changes in net position for the year ended September 30, 2013 per
Statement of Activities \$ 361,955

The accompanying notes are an integral part of the financial statements.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements

Recreation District No. 3 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 1109 issued by the St. Mary Parish Council on June 13, 1990. The District encompasses Ward Eight of the Parish of St. Mary less and except that territory contained within the corporate limits of the Town of Berwick, as said corporate limits are presently constituted, and a portion of Ward Five of the Parish of St. Mary. The District is governed by a Board of Commissioners appointed by the St. Mary Parish Council. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Parish of St. Mary is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the Parish of St. Mary for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the Parish of St. Mary, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The general fund, the capital project fund, and the debt service fund of the District are considered to be major funds. The funds of the District are described below:

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Governmental Funds –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District's office. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Capital Project Fund – the capital project fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Debt Service Fund – the debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing assets.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements (including ball parks)	20 – 40 years
Recreational facilities and playground equipment	10 – 20 years
Equipment	5 – 12 years
Furniture	5 – 7 years

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District uses the following practices in recording certain revenues and expenditures:

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Revenues

Intergovernmental revenues are recorded when approved for payment by the payor or governing body.

Ad valorem taxes are recorded in the year taxes are due and payable.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

E. Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments

State statutes authorize the District to invest in United States bonds, treasury notes or certificates, and time deposits of State banks organized under Louisiana law and national banks having principal offices in Louisiana. Local governments in Louisiana are also authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP).

G. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

H. Interfund Receivables and Payables

Short-term cash borrowings between funds is considered temporary in nature. These amounts are reported as "Due to/from other funds."

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

I. Compensated Absences

Employees of the District earn vacation leave each year as follows:

Employed 1 to 3 years – 5 days accrued each year
Employed 3 to 9 years – 10 days accrued each year
Employed 10+ years – 15 days accrued each year

Any unused vacation leave at the time of retirement, or separation from employment, is paid to the employee.

J. Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components

1. Invested in capital assets, net of related debt - consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund financial statements

Fund balance for the District’s governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

K. Capitalized Interest

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2013.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2013, the District has cash and interest-bearing deposits (book balances) totaling \$994,587 as follows:

	<u>Governmental Activities</u>
Cash and interest-bearing deposits	\$ 816,358
Money market accounts	<u>178,229</u>
Total	<u><u>\$ 994,587</u></u>

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2013 are as follows:

Bank balances	<u>\$ 1,014,110</u>
Federal Deposit Insurance	280,852
Pledged Securities	555,029
Securities Investor Protection Corporation Insured	<u>178,229</u>
Total insured and secured	<u>1,014,110</u>
Unsecured balance	<u><u>\$ -</u></u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2013, the District's total bank balances were fully insured and collateralized with securities held in the name of the District by the pledging financial institution's agent and therefore not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2013 consist of \$11,286 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAm by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in January and February.

For the year ended September 30, 2013, taxes of 9.33 mills were levied on property with assessed valuations totaling \$112,222,440 and were dedicated as follows:

Maintenance and operations	7.28
Debt service	2.05

Total taxes collected were \$871,760. Based upon the taxes collected on the property within the District, each millage of the assessment generated approximately \$93,436 of tax revenue for the year ended September 30, 2013.

(5) Due from Other Governmental Units

The following is a summary of amounts due from other governmental units at September 30, 2013:

	<u>Governmental Activities</u>
Due from -	
St. Mary Parish Government	<u>\$ 31,666</u>

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(6) Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 268,607	\$ -	\$ -	\$ 268,607
Construction in progress	769,721	347,450	(1,117,171)	-
Capital assets, being depreciated:				
Buildings and improvements	2,053,727	31,993	(6,957)	2,078,763
Recreational facilities and playground equipment	892,114	1,117,171	-	2,009,285
Ball parks	473,385	-	-	473,385
Equipment	140,869	32,799	(1,322)	172,346
Furniture	22,485	-	-	22,485
Total	<u>4,620,908</u>	<u>1,529,413</u>	<u>(1,125,450)</u>	<u>5,024,871</u>
Less: accumulated depreciation				
Buildings and improvements	698,600	77,853	(6,957)	769,496
Recreational facilities and playground equipment	160,969	44,065	-	205,034
Ball parks	250,469	18,378	-	268,847
Equipment	80,517	20,753	(1,322)	99,948
Furniture	20,236	-	-	20,236
Total	<u>1,210,791</u>	<u>161,049</u>	<u>(8,279)</u>	<u>1,363,561</u>
Net capital assets	<u>\$3,410,117</u>	<u>\$1,368,364</u>	<u>\$(1,117,171)</u>	<u>\$3,661,310</u>

Depreciation expense in the amount of \$161,049 was charged to general government.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2013:

	<u>Governmental Activities</u>
Accounts payable	\$ 58,394
Salaries and related benefits	10,678
Accrued interest payable	3,495
Retainage payable	<u>3,000</u>
Total	<u>\$ 75,567</u>

(8) Long Term Liabilities

Bonds payable at September 30, 2013 are comprised of the following issues:

\$600,000 General Obligation Bonds, Series 2003, due in installments of \$15,000 to \$45,000 through March 1, 2023, interest from 4.0% to 5.0% payable from ad valorem taxes to be levied by the District. Issued for the purpose of constructing, equipping and furnishing an addition to the community center and improving existing parks and other recreational facilities of the District.

\$250,000 General Obligation Bonds, Series 2005, due in annual installments of \$5,000 to \$25,000 through March 1, 2025, interest fixed at 3.95% payable from ad valorem taxes of the District. Issued for the purpose of constructing, equipping and furnishing an addition to the community center and improving existing parks and other recreational facilities of the District.

\$700,000 General Obligation Bonds, Series 2010, due in annual installments of \$35,000 to \$70,000 through March 1, 2023, interest fixed at 3.42% payable from ad valorem taxes of the District. Issued to construct one or more athletic fields, to improve Splash Park, to improve the Community Center, and to undertake such other improvements, repairs, and renovations to facilities currently owned and operated by the District.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

During year ended September 30, 2013, the following changes occurred in noncurrent liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation debt -					
Series 2003	\$ 405,000	\$ -	\$ (30,000)	\$ 375,000	\$ 30,000
Series 2005	177,000	-	(18,000)	159,000	19,000
Series 2010	625,000	-	(45,000)	580,000	45,000
Compensated absences	28,044	-	(22,000)	6,044	-
	<u>\$ 1,235,044</u>	<u>\$ -</u>	<u>\$ (115,000)</u>	<u>\$ 1,120,044</u>	<u>\$ 94,000</u>

The following is a schedule of debt requirements at September 30, 2013:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 94,000	\$ 41,852	\$ 135,852
2015	100,000	38,146	138,146
2016	106,000	34,146	140,146
2017	107,000	29,959	136,959
2018	113,000	25,620	138,620
2019-2023	592,000	57,656	649,656
2024-2025	2,000	79	2,079
	<u>\$ 1,114,000</u>	<u>\$ 227,458</u>	<u>\$ 1,341,458</u>

(9) Retirement System

During the year ended September 30, 2013, all of the District's employees participated in the Social Security System. For the year ended September 30, 2013, the District contributed \$10,220 for the benefit of its employees. In addition, qualified employees also belong to a SEP/IRA Retirement Plan that was established by the District during the year ended September 30, 2002. The District contributes 5% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account on a monthly basis. The District contributed \$5,817, \$6,364, and \$5,730, to the SEP/IRA Retirement Plan during the year ended September 30, 2013, 2012, and 2011, respectively.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
Fund balances:				
Nonspendable -				
Prepaid items	\$ 27,354	\$ -	\$ -	\$ 27,354
Restricted for -				
Capital projects	-	31,080	-	31,080
Debt retirement	-	-	153,317	153,317
Total fund balances - reserved	-	31,080	153,317	184,397
Committed to -				
Maintenance	346,955	-	-	346,955
Unassigned	432,617	-	-	432,617
Total fund balances	<u>\$ 806,926</u>	<u>\$ 31,080</u>	<u>\$ 153,317</u>	<u>\$ 991,323</u>

(11) Related Party Transactions

The District recognized the following transactions with the Parish of St. Mary (hereinafter "Parish"):

Operating Transfers

The Parish transferred \$125,694 to the District for operations and maintenance of its facilities. Such transfers are recognized as a component of revenue in the general fund of the District's fund financial statements as Intergovernmental Revenue.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(12) Compensation Paid To Board Members

The schedule of compensation paid to the board of Commissioners for the period ended September 30, 2013 in compliance with Louisiana Revised Statute 33:4572(B):

	<u>Per Diem Received</u>
Stan Robison, Chairman	\$ 100
Lane Boudreaux	90
Chris Dehart	40
Jerry Donahoe	130
Dan Irwin	100
Diane Irwin	110
Don Ryan	<u>40</u>
Total	<u>\$ 610</u>

(13) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2013. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(14) Intergovernmental Agreements

On February 27, 1991, the District entered into an agreement with Hospital Service District No. 3, also a component unit of the Parish of St. Mary, to, at its sole cost and expense, acquire, construct, insure and maintain recreational facilities on excess property owned by the Hospital Service District. The agreement shall be binding on both parties until both parties mutually agree to terminate the agreement or the property is needed by the Hospital Service District for a good and valid purpose.

On March 14, 1994, the District entered into an agreement with Waterworks District No. 2, also a component unit of the Parish of St. Mary, to provide the Waterworks District with an office located in the Bayou Vista Community Center.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Notes to Financial Statements (continued)

(15) New Accounting Pronouncements

During the year ended September 30, 2013, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which provided guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as applicable.

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections – 2012*. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of GASB Statement Nos. 65 and 66 must be implemented by the District for the year ending September 30, 2014. The effect of implementation of these statements on the District's financial statements has not yet been determined.

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provisions of GASB Statement No. 68 must be implemented by the District for the year ending September 30, 2015. The effect of implementation of this statement on the District's financial statements has not yet been determined.

(16) Subsequent Events

On October 3, 2014, the District issued \$1,500,000 of Limited Tax Bonds, Series 2013 payable through March 1, 2021. The bonds are being used for the purpose of improving recreational facilities and paying the costs of issuance. The Bonds are payable from and secured by the levy and collection of a 4.50 mills tax to be levied each year through the year 2017, and a 2.86 mills tax to be levied each year through the year 2020 which was previously approved by voters.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Grant - Parish Council	\$ 85,000	\$ 125,000	\$ 125,694	\$ 694
Ad valorem taxes	600,000	600,000	680,246	80,246
Fees and charges for services	108,000	107,000	91,151	(15,849)
Interest income	1,000	1,000	867	(133)
Donations	1,000	1,000	10,000	9,000
Other income	<u>45,000</u>	<u>6,000</u>	<u>2,677</u>	<u>(3,323)</u>
Total revenues	<u>840,000</u>	<u>840,000</u>	<u>910,635</u>	<u>70,635</u>
Expenditures:				
Current -				
General government	330,740	386,840	361,073	25,767
Repairs and maintenance	35,000	35,000	97,708	(62,708)
Pension	-	-	26,555	(26,555)
Professional fees	9,000	12,000	11,970	30
Utilities	50,800	51,600	49,638	1,962
Capital outlay	<u>400,000</u>	<u>538,000</u>	<u>383,102</u>	<u>154,898</u>
Total expenditures	<u>825,540</u>	<u>1,023,440</u>	<u>930,046</u>	<u>93,394</u>
Net change in fund balance	14,460	(183,440)	(19,411)	164,029
Fund balance, beginning	<u>826,337</u>	<u>826,337</u>	<u>826,337</u>	<u>-</u>
Fund balance, ending	<u>\$ 840,797</u>	<u>\$ 642,897</u>	<u>\$ 806,926</u>	<u>\$ 164,029</u>

See accompanying note to budgetary comparison schedule.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Note to Budgetary Comparison Schedule

(1) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The annual budget for the general fund is prepared and adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as finally amended by the District.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR FUND DESCRIPTION

Capital Projects Fund

The Capital Project Fund is used to account for bond proceeds financing the improvements of the facilities.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	<u>Capital Projects</u>
ASSETS	
Assets:	
Cash and interest-bearing deposits	\$ 27,095
Investments	<u>10,135</u>
Total assets	<u><u>\$ 37,230</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 6,150
Fund balance:	
Restricted	<u>31,080</u>
Total liabilities and fund balance	<u><u>\$ 37,230</u></u>

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2013

	<u>Capital Projects</u>
Revenues:	
Local sources-	
Investment earnings	\$ 85
Expenditures:	
Capital outlay	<u>29,140</u>
Net change in fund balance	(29,055)
Fund balance, beginning	<u>60,135</u>
Fund balance, ending	<u><u>\$ 31,080</u></u>

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Ad Valorem Taxes Collected
Year Ended September 30, 2013

<u>Year Ended September 30,</u>	<u>Millage</u>	<u>Taxes Collected</u>	<u>Amount Collected Per Millage</u>
2003	9.5	\$ 239,274	\$ 25,187
2004	9.5	240,568	25,323
2005	9.36	264,294	28,237
2006	9.36	245,908	26,272
2007	9.36	309,526	33,069
2008	9.36	404,687	43,236
2009	9.36	483,137	51,617
2010	9.36	554,352	59,226
2011	9.36	621,137	66,361
2012	9.36	820,602	87,671
2013	9.33	871,760	93,436

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Commissioners
Recreation District No. 3 of the Parish of St. Mary
Bayou Vista, Louisiana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Recreation District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying schedule of audit results and findings as item 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report if distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2014

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2013

Part I. Summary of Auditor's Results:

Unmodified opinions have been issued on the financial statements of the District's governmental activities, each major fund (the general fund and debt service fund), and the aggregate remaining fund information.

A material weakness in internal control was disclosed by the audit of the financial statements and is considered to be material weaknesses.

There were no material instances of noncompliance required to be reported in accordance with *Government Auditing Standards*.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control Findings-

2013-1 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance Findings-

There were no findings reported under this section.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2013

Part III. Findings and questioned costs for federal awards required to be reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 are not applicable for the year ended September 30, 2013.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2013

A. Internal Control –

2012-1 Finding: Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings, item 2013-1.

B. Compliance –

This section was not applicable.

C. OMB A-133 –

This section was not applicable.

RECREATION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Bayou Vista, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2013

2013-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated

MANAGEMENT'S RESPONSE: Not considered necessary